



February 24, 2020

To: **All Licensed Electricity Distributors**

Re: **Review of Fixed Monthly Charge for microFIT Generator Service Classification**  
**OEB File Numbers EB-2009-0326 and EB-2010-0219**

As part of the proceeding to determine and implement a distribution rate for embedded generators having a nameplate capacity of 10 kW or less, the Ontario Energy Board (OEB) established a province-wide fixed monthly charge for all electricity distributors related to the microFIT Generator Service Classification of \$5.25 per month.<sup>1</sup> The OEB indicated that the default charge would be reviewed annually to ensure it continues to reflect actual costs. Using the methodology established in that proceeding and refined in the *Report of the Board: Review of Electricity Distribution Cost Allocation Policy*,<sup>2</sup> the microFIT charge was updated to \$5.40 per month on September 12, 2012,<sup>3</sup> for implementation in 2013 rate applications. The microFIT charge has not changed since then.

As part of its annual review of the microFIT charge for 2020, OEB staff has, in accordance with the established methodology, updated the microFIT-related costs for those electricity distributors that had an OEB-approved cost of service application in the previous year. The resulting value was calculated to be \$4.55 per month.

For distributors with a cost of service or incentive rate-setting mechanism (IRM) based application for May 1, 2020 for which a rate order has not yet been issued, this rate should be incorporated into the appropriate models for consideration as part of the final rate order process (or earlier as appropriate). For IRM applications, OEB staff will update the tariffs during the course of the respective proceedings. Distributors that have already received final rate orders for 2020 where the microFIT charge is based on the previously-approved province-wide rate should adopt the updated charge in their next annual rate application.

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<sup>1</sup> EB-2009-0326, [Decision and Order](#), February 23, 2010; EB-2009-0326, Rate Order, March 17, 2010

<sup>2</sup> EB-2010-0219, [Report of the Board](#), March 31, 2011

<sup>3</sup> OEB letter to distributors, "[Update to Fixed Monthly Charge for microFIT Generator Service Classification](#)", September 20, 2012

Distributors are reminded that they may request a distributor-specific microFIT charge as part of their cost-based applications. Any distributor that applies for a distributor-specific charge will be required to support its costs with evidence.

Distributors that have been approved for a rate that is a calculated value based on the previous approved \$5.40 province-wide rate should include a proposal to update the calculated charge based on the updated province-wide rate of \$4.55 at the time of their next rate application.

OEB staff acknowledges that the reduction of the microFIT charge in a non-cost based proceeding may have an impact on other revenue for some distributors. However, in OEB staff's view it is not necessary to establish a generic deferral account for all distributors at this time. A distributor can apply for a deferral account to track the impact of the reduction of the microFIT charge if it believes that the amounts could be material and that such an account would meet the eligibility requirements set out in the OEB's *Filing Requirements for Electricity Distribution Rate Applications*.<sup>4</sup>

Yours truly,

*Original Signed By*

Theodore Antonopoulos  
Vice President  
Applications Division

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<sup>4</sup> OEB Chapter 2 Filing Requirements for Cost of Service, July 12, 2018, p. 67